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No. POL. 894--P. P. 97-30-2.

BANGALORE,
10th March 1931.

FROM

The Chief Secretary to the Government of
His Highness the Maharaja of Mysore.

To

The Secretary to the Hon'ble the Resident in Mysore,
Bangalore.

SIR,

I am desired to request that the Hon'ble the Resident will be pleased to submit to the Government of India, it is hoped with his full support, a request for the postponement of the payment of the instalment of the Mysore subsidy which falls due on the 31st March 1931.

It is hardly necessary at this stage to dilate upon the hardship which the payment of this subsidy inflicts upon the State. The Dewan, Sir Mirza Ismail, on the occasion of his visit to England for the Round Table Conference, took the opportunity to represent the injustice and the inappropriateness of this levy to the Right Hon'ble the Secretary of State for India, in a memorandum of which I am desired to enclose a copy. The Government of His Highness the Maharaja look forward to the complete abolition of all tributes of this nature as one of the conditions precedent to the entry of the States into the constitution of the future. I need hardly add that, in taking this attitude, it is not desired to avoid any part of the State's full share of common burdens, as they may be hereafter determined.

In the meanwhile, the State is suffering from the widespread depression as much as the rest of India. While there has been a heavy fall in the receipts from Railways, Excise, Forests and other important items of revenue, the fall of prices has affected cultivators to such an extent that they are not only very backward with their payments of land revenue, but are likely to have to be given a considerable measure of relief.

Meanwhile, again, the Government of India have achieved equilibrium in their budget for 1931-32 by the raising of new taxes, of which those levied through means of the Customs affect the State as seriously as the rest of India. And in this connection, I am desired to remind the Hon'ble the Resident that Mysore is an exception among the States in that it has foregone the right to levy Customs

at its own borders, the result being that it is not able to adopt a device for balancing its budget similar to that adopted by the Govern ment of India.

A drastic retrenchment enquiry has been set on foot, but in spite of all that the Committee appointed for that purpose are likely to achieve, an increase in taxation or the presentation of a deficit budget seems inevitable. In order that the deficiency may be reduced so far as possible, I am desired to request that a representation may be made to the Government of India asking that the payment of the subsidy may be postponed till next year. The Government of Mysore feel that while compliance with this request is not likely to cause any serious inconvenience to the Government of India, it would be of material assistance to them in coping with a difficult situation.

I have the honour to be,
Sir,
Your most obedient servant,
N. MADHAVA RAO,
Chief Secretary to Government.